

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SNOHOMISH COUNTY PUBLIC
HOSPITAL DISTRICT 2,

Plaintiff,

v.

SHATTUCK HAMMOND PARTNERS
LLC, et al.,

Defendants.

CASE NO. 2:10-CV-01935-MJP

ORDER ON MOTION TO REMAND

This matter comes before the Court on Plaintiff's motion to remand. (Dkt. No. 7.) Having reviewed the motion, the response (Dkt. No. 9), the reply (Dkt. No. 10), and all related papers, the Court DENIES Plaintiff's motion.

Background

Plaintiff Snohomish County Public Hospital District 2 is a Washington municipal corporation. (Compl. at ¶ 2.1.) Plaintiff owned and operated Stevens Hospital in Edmonds, Washington, until September 1, 2010. (Id.) Plaintiff engaged Defendant Shattuck Hammond Partners to provide financial advice and investment services. (Id. at ¶¶ 2.3, 4.1.)

Defendant outlined the terms of service to be provided, and the parties' obligations to each other, in an agreement ("Agreement") dated October 27, 2007. (*Id.* at ¶ 4.1.) The Agreement provided for two phases of service—roughly, planning and execution—with separate fees for each. (*Id.* at ¶ 4.2.) The provisions of Phase I are not disputed. (*Id.* at ¶ 4.3.) A forum selection clause ("Forum Clause") gives exclusive jurisdiction to the federal or state courts of New York all over disputes arising out of the Agreement. (Dkt. No. 8 at 20.)

Plaintiff leased Stevens Hospital to Swedish Health Services in September, 2010. (Compl. at ¶ 2.1.) Defendant claims Plaintiff entered this lease under Phase II of the Agreement, while Plaintiff contends it did so independently. (*Id.* at ¶ 4.10.) Defendant asserts it is due \$5,061,000 in fees because of its assistance in securing the lease. (*Id.* at ¶ 4.10.) Seeking to avoid paying those fees, Plaintiff filed suit in Snohomish County Superior Court, Case No. 10-2-08871-5. It sought declaration that Defendant could not collect further fees under the Agreement, and that Washington statute rendered the Forum Clause void or inoperative. (*Id.* at ¶¶ 5.1–5.8.) Defendant removed the case under 28 U.S.C. §§ 1332, 1441 on November 30, 2010. (Dkt. No. 1.) Plaintiff now seeks remand.

Analysis

Plaintiff seeks remand or stay solely on abstention principles. (Pltf's Mot. to Remand at 4 n.4.) Abstention is an "extraordinary and narrow" exception to a federal court's "strict duty to exercise the jurisdiction that is conferred on them by Congress." Quackenbush v. Allstate Ins. Co., 517 U.S. 706, 716, 728 (1996). Louisiana Power & Light Co. v. City of Thibodaux carves out one such exception. 360 U.S. 25, 28 (1959). Thibodaux allows abstention in cases presenting "difficult questions of state law bearing on policy problems of substantial public import whose importance transcends the result in the case then at bar." Colorado River Water

1 Conservation District v. United States, 424 U.S. 800, 816 (1976). Under the “difficult question”
 2 requirement, “abstention . . . is inappropriate when the state court from which the case was
 3 removed is in no better position to protect the state interests arguably impaired by the exercise of
 4 federal jurisdiction.” Hawthorne Sav. F.S.B. v. Reliance Ins. Co., 421 F.3d 835, 846 (9th Cir.
 5 2005). Under the “results transcending the case” requirement, answering the question of law
 6 must affect important state policy. See Colorado River at 814.

7 Plaintiff argues for abstention based on law governing a Washington public hospital
 8 district’s amenability to suit, and concerning payments connected to real estate transactions.
 9 Thibodaux is unwarranted under either of the state law issues raised.

10 A. Venue for Suits Against Public Hospital Districts

11 Plaintiff seeks a declaration that the Forum Clause does not supersede RCW 70.44.060(8)
 12 or bar the current suit. As applied here the statute fails to present a difficult question of state law
 13 or threaten results transcending the current case.

14 1. No difficult question of state law

15 RCW 70.44.060(8) is a simple venue statute that presents no difficult questions of state
 16 law. It provides “[t]hat all suits against the public hospital district shall be brought in the county
 17 in which the public hospital district is located.” RCW 70.44.060(8). In Washington, “[i]f a
 18 statute is plain and unambiguous, its meaning must be derived from the wording of the statute
 19 itself.” Shoop v. Kittitas County, 149 Wn.2d 29 (2003). The statute’s language unambiguously
 20 requires hospital districts to be sued in their home county.

21 In Shoop, the Court interpreted a similar statute limiting in which court a county could be
 22 sued. Id. at 37. The Court held the statute limited venue not jurisdiction. Id. at 37–38. The
 23 holding rested on a provision of the state constitution conferring general jurisdiction to the
 24

1 superior courts. Id. at 37 (quoting Wash. Const. art. IV, § 6). The Court held the provision
 2 precluded “any subject matter restrictions as among superior courts.” Shoop at 37. Accordingly,
 3 the Court held that statute limited only venue. Id. Because the same reasoning applies equally to
 4 RCW 70.44.060(8), interpreting the statute presents no difficult question of state law.

5 2. No interpretation would transcend this case

6 Applying RCW 70.44.060(8) in this case would have little effect beyond the parties.
 7 Because district courts’ decisions have no precedential effect on state court, federal interpretation
 8 of a contract has little effect beyond the parties to the contract. See Polygon Ins. Co. v.
 9 Honeywell Int’l, Inc., 143 F. Supp. 2d 211, 215 (D. Conn. 2001). In Polygon, the court declined
 10 to remand a contractual dispute on Thibodaux principles. Even though state authority was
 11 conflicted on the definition of “commercial loss,” the court reasoned that its interpretation would
 12 have no impact on the rights of parties other than those involved. Id. Further, it held that any
 13 decision by it “will not prevent the Connecticut supreme court, or any other Connecticut court,
 14 from arriving at a contrary construction.” Id.

15 Here, potential outcomes for Plaintiff’s claims include the Forum Clause waiving RCW
 16 70.44.060(8)’s protection, holding that the statute supersedes the Agreement, or even that
 17 conflict with the statute renders the Agreement void as ultra vires. As with the contractual
 18 dispute in Polygon, none of these results would have any effect on parties or determinations
 19 outside this case. Because it meets neither of Thibodaux’s requirements, issues raised by the
 20 Forum Clause and RCW 70.44.060(8) fail to justify abstention.

21 B. Real Estate Transactions Fees

22 Plaintiff seeks a declaration that RCW 18.85.331 bars Defendant from seeking fees under
 23 the Agreement. RCW 18.85.331 allows only licensed real-estate agents to bring suit to collect
 24

1 fees for real estate transactions. Whether the lease to Swedish Health Services qualifies as a real
2 estate transaction under the statute is unsettled under state law, but Plaintiff advances no
3 argument meeting Thibodaux's second requirement of importance "transcending the case at bar."

4 Thibodaux abstention is generally justified by disputes of law "intimately involved with
5 sovereign prerogative." Thibodaux at 28. Here, the real estate fee issue raised under RCW
6 18.85.331 does not implicate any such rights, or any broader state policy. Plaintiff has not
7 shown how this Court's interpretation "would have any broader impact than the individual,
8 inconsistent decisions already rendered by the state trial courts in connection with this subject."
9 143 F. Supp. 2d at 215. Because it does not implicate the state interests Thibodaux protects, this
10 issue also fails to justify abstention.

11 Conclusion

12 Plaintiff's motion for remand or stay is DENIED because the issues raised do not meet
13 the requirements of the Thibodaux abstention doctrine. Resolving the questions of state law
14 present no difficulty or would have little effect beyond this case.

15 The clerk is ordered to provide copies of this order to all counsel.

16 Dated this 1st day of February, 2011.

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20 Marsha J. Pechman
21 United States District Judge
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